

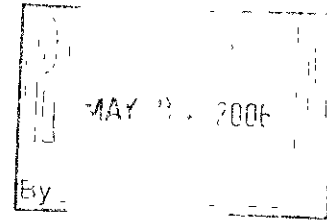
State of Connecticut

RICHARD BLUMENTHAL
ATTORNEY GENERAL



Hartford

May 12, 2006



Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
Attn: Comments/Legal ESS, Room 3060
550 17th Street, N.W.
Washington, D.C. 20429

Re: Application for Deposit Insurance for Wal-Mart Bank

Dear Mr. Feldman:

I write to express my opposition to the application for deposit insurance for Wal-Mart Bank presently pending before the FDIC. Wal-Mart Bank's parent is one of the world's largest retail entities and one with a history in our state and elsewhere of legal, employment, and environmental violations.

Most important, granting this application would expose the federal deposit insurance and banking systems to unwarranted risk. The unprecedented multiple public hearings held by the FDIC -- resulting in an extraordinary public outcry against this application -- have raised serious questions about granting Wal-Mart's application.

Wal-Mart seeks to exploit a regulatory loop-hole for industrial loan corporations (ILCs), which would allow Wal-Mart Bank effectively to engage in the business of banking indistinguishable from a commercial bank but without the regulatory oversight to which commercial banks are subject. The company seeks to reassure us that its ILC bank has a very limited purpose -- to provide credit card, debit card, and electronic check transactions and nothing else. However, once in place, there is nothing to stop Wal-Mart from expanding the services to include a full range of commercial, mortgage, and consumer lending and other services.

This step would be an unprecedented breach in the traditional wall between commerce and banking. The separation between commercial and banking businesses is integral to ensuring the safety and soundness of the banking system. Wal-Mart Bank will have the ability to provide inter-company loans at favorable terms and to help shore up losses sustained by its retail affiliate, taking on risk that an unaffiliated, regulated bank

would not. It has the serious potential of exposing the deposit insurance system -- and the taxpayers who fund it -- to unjustified risk.

The breach of the separation of commerce and banking is magnified by the lack of regulatory oversight of ILCs. Wal-Mart Bank can take advantage of exemptions for ILCs from bank holding company regulation. The lack of holding company and affiliate oversight, particularly of a banking enterprise so potentially massive as Wal-Mart Bank's, presents a serious, and possibly crippling, danger to the safety and soundness of the deposit insurance system and to banking generally.

Moreover, Wal-Mart's management has demonstrated consistently that it lacks the character and fitness to justify approving this application for deposit insurance. Its abysmal track record in employment and labor relations, including violations of fair labor standards laws, child labor laws, and immigration laws -- violations that have been revealed in numerous investigations by my office and other federal and state law enforcement officials -- display Wal-Mart's disdain for the legal obligations that must be observed by all. It has been subject to repeated environmental fines and penalties by the federal and state governments. Indeed, I have been forced to take legal action to enjoin Wal-Mart's repeated and reckless disregard for Connecticut's environmental laws.

Taking all of these factors into consideration -- the serious safety-and-soundness risk Wal-Mart Bank may pose and the general lack of fitness of Wal-Mart's management to operate a banking enterprise -- this application should be denied.

Sincerely yours,

A handwritten signature in dark ink, appearing to read 'Richard Blumenthal', written in a cursive style.

RICHARD BLUMENTHAL

RB/pas